



REQUEST FOR DECISION

TO: Committee of the Whole **MEETING DATE:** February 26, 2025
FROM: David Douglas, Director of Financial Services and Information Technology
SUBJECT: **Permissive Property Tax Exemption Select Committee Recommendations**
FILE NO: 1970-2025

RECOMMENDATION(S)

That the following new provisions be added to the District of Sechelt's Permissive Property Tax Exemption Policy 2.8.1:

1. There will be no exemption or reduction to utility fees and charges for those properties granted Permissive Property Tax Exemption. Water, sewer, garbage and parcel taxes will be payable on all properties.
 2. Council may consider the amount of Permissive Property Tax Exemption an organization has received when evaluating additional funding requests from the organization.
 3. The total of Permissive Tax Exemptions approved in the current year for the subsequent year will not exceed 4.7% of the current year's total budgeted property tax requisition. The permissive exemption values will be calculated by using the current year's property assessment multiplied by the current year's tax rates. In the case where the total calculated permissive exemption values for the subsequent year exceed 4.7% of the current year's tax requisition, all permissive exemptions will be proportionately reduced.
 4. Limit the area of property that can be considered for Permissive Property Tax Exemption to 5 times the size of the building footprint located on that property.
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PURPOSE

The purpose of this report is to update Council on the results of the meetings of the Permissive Property Tax Exemption Select Committee discussions and the proposed changes to Policy 2.8.1 for Committee of the Whole's consideration.

DISCUSSION

Summary

At the September 6th, 2024, Council Meeting, Council indicated that they would like to review the permissive property tax exemption approval process. As per section 142 of the *Community Charter*, Council established and appointed a select committee to consider or inquire into any matter and to report its findings and opinion to the Council.

Background

Annually, Council provides tax exemptions to churches, community services and other non-profit organizations in the District of Sechelt. The amount of tax exemptions granted grows each year and, while the District of Sechelt has a Permissive Tax Exemption Policy (attached), there is often misunderstanding around the approval process within the scope of fairness. Permissive property tax exemptions can be given for up to ten years. The District of Sechelt only provided a one-year exemption for 2024 as Council wanted to review the process.

For the 2025 tax year, the Council approved a total of \$265,909 in municipal permissive tax exemptions. These exemptions were granted to 49 properties, which included:

- **Places of worship:** 10 properties
- **Community services:** 26 properties
- **Recreational facilities:** 9 properties
- **Municipal properties:** 4 properties

This initiative supports various organizations and facilities that contribute to the community's well-being. The exemptions help reduce the financial burden on these organizations, allowing them to focus more on their core activities and services. For example, places of worship can continue to provide spiritual and community support, while recreational facilities can offer more programs and activities for residents.

Additionally, community service organizations benefit significantly from these exemptions, enabling them to allocate more resources towards helping those in need. Municipal properties that receive exemptions can also enhance public services and infrastructure, contributing to the overall development and improvement of the town.

This policy reflects Council's commitment to fostering a supportive and thriving community by recognizing and assisting the valuable contributions of these organizations.

The purpose of the Select Committee is as follows:

The Permissive Property Tax Exemption Select Committee will consider, inquire into, report and make recommendations to Council on:

- Selection and approval process for permissive property tax exemptions in the District of Sechelt.
- Other selected matters as requested by the District of Sechelt Council.

The Permissive Property Tax Exemption Select Committee reviewed District Policy 2.8.1 Permissive Property Tax Exemption policy with the following points in mind:

1. Financial Impact: To assess the financial implications of the exemptions on the municipality's budget and ensure that they are sustainable.
2. Fairness and Equity: To ensure that the policy is applied fairly and equitably across all eligible organizations.
3. Changing Needs: To adapt to changing community needs and priorities, ensuring that the policy aligns with current goals and objectives.
4. Accountability: To ensure that organizations receiving exemptions are meeting their obligations and contributing positively to the community.
5. Transparency: To maintain transparency and public trust by regularly reviewing and updating policies.
6. Update the permissive property tax exemption application.

After reviewing the District's Policy and those from other municipalities, the Committee developed several recommendations and a couple of discussion topics for the Committee of the Whole. The Town of Gibsons also reviewed their Permissive Property Tax Exemption Policy at a similar time and the Select Committee made the following motion:

"That staff review the Town of Gibsons Permissive Property Tax Exemption strategy at a District of Sechelt Committee of the Whole Meeting"

Changes and Reductions

In 2024, Town of Gibsons Council made some changes to their Permissive Property Tax Exemptions Policy. They decided to reduce exemptions for most churches and several other organizations, citing tax equity and a desire to address community priorities such as housing, homelessness, and environmental sustainability.

For example, the exemptions for a number of churches were cut to 75%, while St. Bartholomew's Anglican Church maintained its 100% exemption due to its contributions to the community.

Council's Rationale

Town of Gibsons Council emphasized that permissive tax exemptions are not merely a way to let organizations avoid paying taxes but rather a redistribution of the tax burden to other taxpayers in the town. Their aim was to ensure that organizations receiving exemptions were actively contributing to addressing pressing community issues.

Conclusion

The 2024 permissive tax exemptions in the Town of Gibsons reflects their commitment to supporting community organizations while also ensuring tax equity and encouraging contributions to community priorities. The changes implemented by Town of Gibsons Council highlights a strategic approach to balancing financial support with accountability and community impact.

Select Committee Further Discussion Topics:

The Permissive Property Tax Exemption Select Committee is considering additional changes but believes they should first be discussed by the Committee of the Whole.. The additional changes are as follows:

Churches

Where permissive property tax is applicable, the policy could allow for church properties to be eligible for 75% property tax exemption, and others 100% exemption depending on what extended outreach services they provide to the community.

Council would need to define what consists of an extended community outreach service versus regular church services and programs.

The permissive property tax exemption application would require each church to provide a comprehensive list of extended outreach services they provide to the community. Staff evaluation would be needed to distinguish which places of worship are eligible for Option A, 75% tax exemption, versus Option B, extended community outreach services at 100% exemption.

Affordable Housing

Affordable and/or non-market housing projects that are owned and/or operated by an eligible non-profit organization may be granted a permissive tax exemption.

Market housing projects that are owned and/or operated by an eligible non-profit organization that will not be eligible for permissive tax exemption.

Market housing projects that are owned and/or operated by an eligible non-profit organization that are currently enjoying permissive tax exemption will be subject to the following table.

Year	% of Exemption	Type of Housing
2025	100% Exemption	Market rental housing
2026	85% Exemption	Market rental housing
2027	70% Exemption	Market rental housing
2028	55% Exemption	Market rental housing
2029	40% Exemption	Market rental housing
2030	25% Exemption	Market rental housing
2031	10% Exemption	Market rental housing
2032	0% Exemption	Market rental housing

POLICY AND BYLAW IMPLICATIONS

Council Policy 2.8.1 Permissive Property Tax Exemption provides guidance in approving permissive tax exemptions to local non-profit organizations.

SUSTAINABILITY PLAN IMPLICATIONS

The goals within the adopted Integrated Community Sustainability Plan that relate to this report are:

- Social Sustainability and Community Well Being
- Economic Sustainability
- Arts and Culture
- Sustainable Community Growth and Development

STRATEGIC PLAN IMPLICATIONS

The goal within the adopted Strategic Plan that relate to this report is:

- Community Safety and Wellbeing

FINANCIAL IMPLICATIONS

Permissive tax exemptions can have several financial implications for the District of Sechelt:

1. **Reduced Revenue:** By granting tax exemptions to eligible properties, the municipality forgoes potential tax revenue. This can impact the overall budget and may require adjustments in other areas to compensate for the shortfall.
2. **Community Benefits:** While there is a loss in direct revenue, permissive tax exemptions can support non-profit organizations, heritage properties, and community services that provide significant benefits to the community. This can include services for at-risk youth, conservation efforts, and economic development initiatives.
3. **Policy Considerations:** Municipal Councils often set criteria and limits for permissive tax exemptions to ensure they align with community goals and priorities. For example, some municipalities cap the total value of exemptions at a certain percentage of the total property tax levy.
4. **Public Accountability:** Municipalities are required to provide public notice and adopt bylaws for permissive tax exemptions, ensuring transparency and accountability in the decision-making process.

COMMUNICATIONS

Council's decision will be posted on the District's web page and those who regularly apply for permissive property tax exemption will be notified.

Respectfully submitted,

David Douglas, Director of Financial Services and Information Technology

Attachments:

1 – Permissive Property Tax Exemption Select Committee Meeting Minutes - July 26, 2024